



**The Japanese Institute of  
Certified Public Accountants**

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Mr. Ken Siong  
Technical Director  
International Ethics Standards Board for Accountants  
International Federation of Accountants  
529 Fifth Avenue, 6th Floor,  
New York, NY 10017  
USA

Dear Mr. Siong:

**Re: JICPA comments on the IESBA Exposure Draft *Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients***

The Japanese Institute of Certified Public Accountants (“we”, “our” and “JICPA”) is grateful for the opportunity to comment on the International Ethics Standards Board for Accountants (IESBA) Exposure Draft *Proposed Changes to Certain Provisions of the Code Addressing Non-Assurance Services for Audit Clients* (ED).

We believe the proposed changes enhance the code and better serve the public interest, and therefore, basically agree with the proposed changes.

The following are our comments in response to the questions posed by the IESBA:

## **Request for Specific Comments**

### *Emergency Provisions*

**Question 1. Are there any situations that warrant retention of the emergency exceptions pertaining to bookkeeping and taxation services?**

We support the deletion of the emergency provisions. There are no situations necessary to apply the emergency provisions.

We support the IESBA decision because the emergency situations should be very limited in addition to the fact that it is difficult to define the emergency situations and prevent misapplication of these provisions while we believe that bookkeeping and taxation services, which are not normally permitted for audit clients that are public interest entities, are permitted in case of an emergency situation.

### *Management Responsibilities*

**Question 2. Does the change from “significant decisions” to “decisions” when referring to management responsibilities (paragraph 290.162) enhance the clarity of a management responsibility?**

We support in principle deletion of the term “significant.”

We support the IESBA decision because the activities subject to management responsibilities are to be prohibited regardless of the significance, and therefore, this enhances the clarity of “management responsibilities” by deleting the term “significant.”

**Question 3. Are the examples of management responsibilities in paragraph 290.163 appropriate?**

The examples in paragraph 290.163 are understandable, and therefore, we support this revision.

**Question 4. Are there any challenges in understanding and applying the prerequisite set out in paragraph 290.165 for non-assurance services that should be considered?**

We support the provision related to the prerequisite set out in paragraph 290.165.

With regard to the term “suitable skill, knowledge and experience,” we recommend the IESBA changes this to “suitable competence such as skill, knowledge and experience” because the important factors of prerequisites for client management, preferably within senior management are limited to only “suitable skill, knowledge and experience” and ISA (International Standard on Auditing) 260 “Communication with those Charged with Governance” includes, for example, the wording ,“the integrity or competence of senior management”

**Question 5. Will the enhanced guidance assist engagement teams to better meet the requirement of not assuming a management responsibility?**

We support this revision because this enhances guidance, and therefore, the revised provision is more understandable in applying it in practice. This is more understandable by providing additional examples included in paragraph 290.163 and clarification of the prerequisite prescribed in paragraph 290.165, in particular.

**Question 6. Does the relocation of the guidance pertaining to administrative services into its own subsection provide greater clarity?**

We support this relocation of the guidance pertaining to administrative services as the revised provision for management responsibilities provides more clarification and is more understandable. However, the range of administrative services should be more clearly stipulated since it is difficult to understand the difference between this provision and “routine or mechanical” services mentioned in paragraph 290.171 under the provision “Preparing Accounting Records and Financial Statements,” although some examples are provided, and, in addition, it is also difficult to understand whether there are expected services other than the examples provided, or the services are limited to the examples in most cases.

*Routine or Mechanical*

**Question 7. Does the proposed guidance on “routine or mechanical” clarify the term, or is additional guidance needed?**

We support the revision because the proposed guidance on “routine or mechanical” clarifies the term.

**Question 8. Is the meaning and identification of source documents sufficiently clear, taking into account documents that may be generated by software?**

We support the revision because the description of source documents is understandable.

*Section 291*

**Question 9. Do the changes proposed to Section 291, specifically the additional requirements to proposed paragraph 291.146, enhance the clarity of a management responsibility?**

We support the revision because this clarifies the provision.

However, we recommend the IESBA inserts the following sentence below the examples provided in paragraph 291.144 since management responsibilities, that are related to the subject matter and subject matter information of an assurance engagement provided by the firm, may differ.

“ The activities to be considered a management responsibility may differ depending on the subject matter and subject matter information of an assurance engagement provided by the firm. ”
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**Question 10. Are the examples of management responsibilities in paragraph 291.144 appropriate?**

We support the revision because the examples in paragraph 291.144 are understandable.

**Question 11. Does the relocation of the guidance pertaining to administrative services provide greater clarity?**

Please refer to the response to question 6 above.

We hope that our views will be of assistance to the IESBA.

Sincerely yours,

Mineo Kambayashi

Executive Board Member - Ethics Standards

The Japanese Institute of Certified Public Accountants